



March 26, 2025

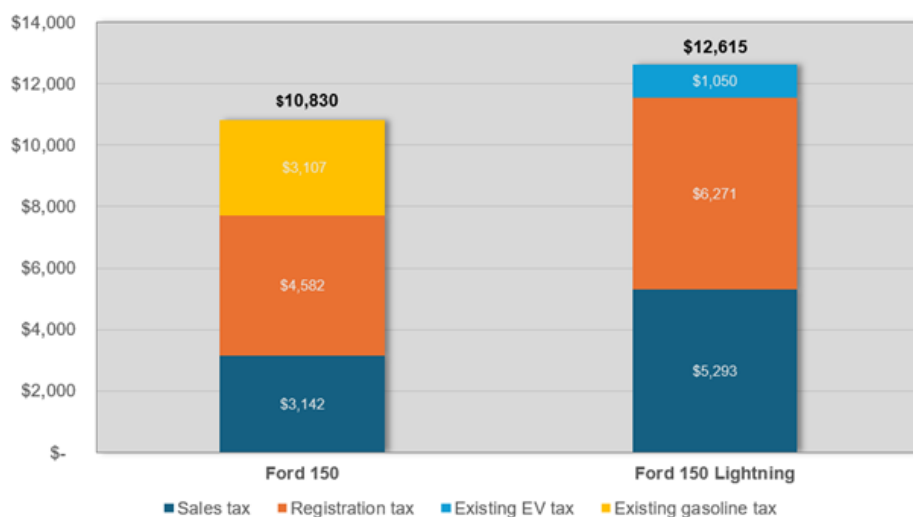
Dear Chair Dibble, Vice Chair Johnson Stewart, Ranking Minority Member Jasinski, and members of the Senate Transportation Committee,

Drive Electric Minnesota appreciates the opportunity to submit written testimony on Senate Files 1480, 2092, 2688, and 966. [Drive Electric Minnesota](#) is a partnership of electric vehicle (EV) champions—including automakers and auto dealers, electric utilities and cooperatives, local and state government, corporations, and nongovernmental organizations—who are working to accelerate EV adoption in Minnesota. We believe EVs of all types are an important component of energy efficiency and cleaner transportation in Minnesota that is both financially and environmentally sustainable.

Drive Electric Minnesota recognizes the need for all vehicle drivers to contribute to funding for Minnesota's transportation system. However, EV drivers currently pay *more* in taxes to fund Minnesota's roads than drivers of comparable gas cars, as explained below. In addition, altering taxes on EV drivers would not address the issue of declining revenues, which are [primarily caused by](#) the rising fuel efficiency of gas-powered cars.

Drive Electric Minnesota has concerns with the proposals this committee is considering today. Imposing new tax burdens on EV drivers risks discouraging adoption at a time when the market is still emerging. At a time when the federal government is rolling back support for electrification, it is particularly important to take a measured approach to EV taxation.

Drive Electric Minnesota opposes increasing annual fees for EV drivers because EV drivers already have a greater total tax burden than gas car drivers. Due to the higher upfront costs of EVs compared to gas vehicles, EV drivers pay higher motor vehicle sales tax (MVST) and registration fees than gas car drivers. For example, as demonstrated in the graph below, a driver of an all-electric Ford F-150 Lightning would pay more in MVST, registration fees, and the existing \$75 annual fee than a driver of a gas-powered Ford F-150 would pay in MVST, registration fees, and gas tax over the same time period.



A recent [report](#) from the Minnesota Department of Transportation demonstrates similar findings. Increasing the flat EV fee—as proposed in Senate Files 2688 and 966—would result in *overtaxing* EV drivers relative to drivers of comparable gas cars. This could risk discouraging EV adoption at a time when we should be encouraging it.

Drive Electric Minnesota also has concerns with replacing the annual EV fee with a tax on public charging, as proposed in Senate File 2092. Because most EV charging happens at home, a tax on public charging would generate limited revenue for Minnesota's roads and bridges. Taxing only public charging also raises important equity considerations, as EV owners without access to home charging—such as renters or those living in multi-unit dwellings—are more likely to rely on public charging regularly. This would raise costs for individuals who already face higher barriers to electrifying.

Finally, **Drive Electric Minnesota has concerns with mileage-based user fees** that would impose a new taxation system only on EV drivers. Singling out EV drivers may feel punitive to early adopters and could discourage EV adoption. In addition, this type of program could be administratively complex and costly to implement. If Minnesota were to implement a mileage-based fee, we would prefer to see a system that rewards EVs' higher fuel efficiency compared to gas cars.

Drive Electric Minnesota appreciates the opportunity to weigh in on this topic. We welcome the opportunity to continue to work with this committee to consider solutions to fund Minnesota's roadways that are fair and sustainable.

Sincerely,

Carolyn Berninger
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Great Plains Institute (Drive Electric Minnesota facilitator)